

By: Ellis, Davis, Lucio

S.B. No. 37

A BILL TO BE ENTITLED

AN ACT

relating to the elimination of the tax exemption or reduction for certain high-cost gas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 201.057(f), Tax Code, is amended to read as follows:

(f) To qualify for the exemption or tax reduction provided by this section, the person responsible for paying the tax must apply to the comptroller. Notwithstanding any other provision of this section, the application must be filed with the comptroller before October 1, 2011. The application must contain the certification of the commission that the well produces high-cost gas and, if the application is for a well spudded or completed after September 1, 1995, must contain a report of drilling and completion costs incurred for each well on a form and in the detail as determined by the comptroller. Drilling and completion costs for a recompletion shall only include current and contemporaneous costs associated with the recompletion. Notwithstanding any other provision of this section, to obtain the maximum tax exemption or tax deduction, an application to the comptroller for certification according to Subsection (a)(2)(A) must be filed with the comptroller before October 1, 2011, and at the later of the 180th day after the date of first production or the 45th day after the date of approval by the commission. If the application is not filed

1 by the applicable deadline to obtain the maximum tax exemption or  
2 tax deduction but is filed before October 1, 2011, the tax exemption  
3 or tax deduction is reduced by 10 percent for the period beginning  
4 on the 180th day after the first day of production and ending on the  
5 date on which the application is filed with the comptroller. An  
6 application to the comptroller for certification according to  
7 Subsection (a)(2)(B) may not be filed before January 1, 1990, or  
8 after December 31, 1998. The comptroller shall approve the  
9 application of a person who demonstrates that the gas is eligible  
10 for the exemption or tax reduction. The comptroller may require a  
11 person applying for the exemption or tax reduction to provide any  
12 relevant information in the person's monthly report that the  
13 comptroller considers necessary to administer this section. The  
14 commission shall notify the comptroller in writing immediately if  
15 it determines that an oil or gas well previously certified as  
16 producing high-cost gas does not produce high-cost gas or if it  
17 takes any action or discovers any information that affects the  
18 eligibility of gas for an exemption or tax reduction under this  
19 section.

20 SECTION 2. The comptroller of public accounts shall deposit  
21 to the credit of the foundation school fund any revenue received  
22 during the state fiscal biennium beginning September 1, 2011, that  
23 is generated by the change made by this Act to Section 201.057, Tax  
24 Code.

25 SECTION 3. The change in law made by this Act does not  
26 affect tax liability accruing before the effective date of this  
27 Act. That liability continues in effect as if this Act had not been

1 enacted, and the former law is continued in effect for the  
2 collection of taxes due and for civil and criminal enforcement of  
3 the liability for those taxes.

4         SECTION 4. This Act takes effect immediately if it receives  
5 a vote of two-thirds of all the members elected to each house, as  
6 provided by Section 39, Article III, Texas Constitution. If this  
7 Act does not receive the vote necessary for immediate effect, this  
8 Act takes effect on the 91st day after the last day of the  
9 legislative session.